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BRITISH COLUMBIA TREATY COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 1999

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BRITISH COLUMBIA TREATY COMMISSION

Financial Statements
March 31, 1999

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SMYTHE RATCLIFFE
CHARTERED ACCOUNTANTS

101-00541/

AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheet of the British Columbia Treaty Commission as at March 31, 1999 and the statements of funding, expenditures and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1999 and the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles.

Smythe Ratcliffe

Chartered Accountants

Vancouver, British Columbia
May 7, 1999

A member of Pannell Kerr Forster worldwide PKF

BRITISH COLUMBIA TREATY COMMISSION

Balance Sheet
March 31

	1999	1998
Assets		
Current		
Cash	$ 183,145	$ 103,551
Due from public information and education fund (note 3)	4,432	1,948
Goods and services tax recoverable	16,393	18,507
Prepaid expenses	12,005	12,005
	215,975	136,011
Fixed (notes 4 and 8)	69,622	86,463
Public Information and Education Funds, per contra (note 5)	5,289	35,666
Contribution Funds, per contra (note 6)	44,000	160,000
	$ 334,886	$ 418,140
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 54,096	$ 48,240
Deferred funding (notes 7 and 10)	161,879	87,771
	215,975	136,011
Public Information and Education Funds, per contra (note 5)	5,289	35,666
Contribution Funds, per contra (note 6)	44,000	160,000
	265,264	331,677
Commission Surplus		
Commission Surplus (note 8)	69,622	86,463
	$ 334,886	$ 418,140

Commitment (note 9)

Approved on behalf of the Commission:

Chief Commissioner

Commissioner

See notes to financial statements.

BRITISH COLUMBIA TREATY COMMISSION

Statement of Funding, Expenditures and Surplus
Year Ended March 31

	1999	1998
Funding (note 10)		
Canada	$ 1,118,644	$ 1,118,644
British Columbia	745,763	745,763
Prior year's deferred funding (note 7)	87,771	100,000
	1,952,178	1,964,407
Commissioners' Expenditures		
Commissioners' fees	400,904	494,071
Travel and other	151,265	138,179
	552,169	632,250
	1,400,009	1,332,157
Administrative Expenditures		
Wages and benefits	791,145	779,382
Rent	112,105	104,934
Travel	91,177	91,616
Office	82,956	103,111
Consultants	59,403	19,091
Legal and accounting	54,289	46,099
Telecommunications	46,879	47,330
Annual report	5,855	0
Staffing	5,346	16,659
Public education	0	36,867
Interest income	(25,683)	(11,294)
Depreciation and amortization	31,499	26,811
	1,254,971	1,260,606
Excess of Funding Over Expenditures for Year	145,038	71,551
Surplus, Beginning of Year	86,463	102,683
Surplus, Before Deferred Funding	231,501	174,234
Deferred Funding (notes 7 and 10)	(161,879)	(87,771)
Surplus, End of Year (note 8)	$ 69,622	$ 86,463

See notes to financial statements.

BRITISH COLUMBIA TREATY COMMISSION

Statement of Cash Flows
Year Ended March 31

	1999	1998
Cash Provided By (Used In) Operating Activities		
Excess of funding over expenditures for year	$ 145,038	$ 71,551
Funds deferred to subsequent year	(161,879)	(87,771)
Item not involving cash		
Depreciation and amortization	31,499	26,811
	14,658	10,591
Changes in Non-Cash Working Capital		
Due from public information and education fund	(2,484)	(1,948)
Goods and services tax recoverable	2,114	1,869
Prepaid expenses	0	(3,023)
Accounts payable and accrued liabilities	5,856	(25,062)
Deferred funding (notes 7 and 10)	74,108	(12,229)
	79,594	(40,393)
	94,252	(29,802)
Investing Activity		
Purchase of fixed assets	(14,658)	(11,374)
Increase (Decrease) in Cash	79,594	(41,176)
Cash, Beginning of Year	103,551	144,727
Cash, End of Year	$ 183,145	$ 103,551

See notes to financial statements.

1. NATURE OF OPERATIONS

On September 21, 1992, Canada, British Columbia and the First Nations Summit entered into the British Columbia Treaty Commission Agreement to establish and fund the British Columbia Treaty Commission (the "Commission"). A Chief Commissioner and four Commissioners were appointed and authorized to begin the work of the Commission. The Commission was established by the Parliament of Canada, the Legislature of British Columbia and the Resolution of the First Nations Summit, effective March 1, 1996.

The Commission facilitates, in British Columbia, the negotiation of treaties among First Nations, Canada and British Columbia. The Commission coordinates the commencement of treaty negotiations, monitors the progress of the negotiations and oversees the negotiation process. The Commission commenced operations April 15, 1993 and operates as a not-for-profit organization.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Fund accounting principles

The financial statements have been prepared in accordance with generally accepted fund accounting principles in effect at March 31, 1999 for not-for-profit and government organizations.

(b) Recognition of funding for operations

Funding for operations is recorded in the accounts in accordance with the Contribution Funding Agreement for the Operating Costs of the British Columbia Treaty Commission dated April 15, 1993.

(c) Financial instruments

The Commission's financial instruments consist of cash, due from public information and education fund, goods and services tax recoverable and accounts payable and accrued liabilities. Due to the relatively short-term to maturity of these instruments it is management's opinion that the Commission is not exposed to significant interest, currency or credit risk.

(d) Depreciation and amortization

Depreciation and amortization of fixed assets are calculated on the following bases and annual rates:

Computer equipment	- 30% Declining balance
Leasehold improvements	- Straight-line over remaining term of lease
Furniture and fixtures	- 20% Declining balance
Office equipment	- 20% Declining balance

3. DUE FROM PUBLIC INFORMATION AND EDUCATION FUND

Various expenditures were made from the general operating fund on behalf of the public information and education fund. The advances are without interest or stated terms of repayment.

4. FIXED ASSETS

	1999			1998
	Cost	Accumulated Depreciation and Amortization	Net	Net
Computer equipment	$ 276,504	$ 247,675	$ 28,829	$ 24,219
Leasehold improvements	68,277	46,413	21,864	39,355
Furniture and fixtures	45,344	32,636	12,708	15,832
Office equipment	46,390	40,169	6,221	7,057
	$ 436,515	$ 366,893	$ 69,622	$ 86,463

5. PUBLIC INFORMATION AND EDUCATION FUNDS

The Public Information and Education Funds represent funding amounts advanced by Canada and British Columbia during the year which had not been expended by the Commission as at March 31, 1999. Funding is provided by Canada and British Columbia and expended by the Commission for the development of public information and education programmes about the treaty negotiation process in British Columbia. The funds are to be expended in an effort to raise public awareness and understanding of the treaty process and the Commission's role in that process.

The accounts of the Public Information and Education Funds have not been consolidated with the Commission's financial statements because the Commission believes that the separate note disclosure below provides a more meaningful presentation of all of the Commission's activities. Financial statements for the Public Information and Education Funds are available upon request.

	1999	1998
Assets		
Cash	$ 77,447	$ 70,483
Goods and services tax recoverable	5,918	618
	$ 83,365	$ 71,101
Liabilities		
Accounts payable	$ 73,644	$ 33,487
Due to operating fund (note 3)	4,432	1,948
	78,076	35,435
Funds	5,289	35,666
	$ 83,365	$ 71,101
Contribution Funding		
Canada	$ 150,000	$ 150,000
British Columbia	100,000	100,000
Funds carried forward from prior year	35,666	0
Less: Funds expended, net	(280,377)	(214,334)
Funds, End of Year	$ 5,289	$ 35,666

The Public Information and Education Funding Agreement provides that in the event there is an unexpended balance at March 31, 1999, it will represent a debt due to Canada and British Columbia by the Commission which must be repaid within 90 days of a request for repayment.

6. CONTRIBUTION FUNDS

The contribution funds represent contribution funding amounts for First Nations advanced by Canada and British Columbia to the Commission and not yet disbursed by the Commission to First Nations. Contribution funding amounts represent negotiation support funding provided to First Nations to enable them to participate in the treaty making process with Canada and British Columbia. Funds are advanced by the Commission to a First Nation upon execution and delivery to the Commission of a First Nation Negotiation Support Agreement.

The accounts of the Contribution Funds have not been consolidated with the Commission's financial statements because the Commission believes that the separate note disclosure below provides a more meaningful presentation of all of the Commission's activities. Financial statements for the Contribution Funds are available upon request.

	1999	1998
Assets		
Current		
Cash	$ 80,701	$ 171,859
Liabilities		
Current		
Account payable	$ 0	$ 6,026
Due to Canada and British Columbia	36,701	5,833
	36,701	11,859
Funds	44,000	160,000
	$ 80,701	$ 171,859

	1999	1998
Contribution Funding		
Canada	$ 3,534,000	$ 3,396,000
British Columbia	2,240,000	2,184,000
Funds Carried Forward from Prior Year	160,000	240,000
Less: Funds Disbursed To First Nations	(5,890,000)	(5,660,000)
	44,000	160,000
Interest Earned, net of bank charges	30,868	5,833
	74,868	165,833
Interest Earned, repayable to Canada and British Columbia	30,868	5,833
Funds, End of Year	$ 44,000	$ 160,000

6. CONTRIBUTION FUNDS (Continued)

The contribution funding amounts represent 20% of total negotiation funding for First Nations. The remaining 80% of negotiation support funding consists of loans made by Canada to First Nations which are repayable to Canada pursuant to individual First Nation Negotiation Support Agreements. Interest earned on the trust funds is repayable to Canada and British Columbia.

Funds of $44,000 at the end of the year represent funds advanced to the Commission by British Columbia which had not been disbursed by the Commission to First Nations as at March 31, 1999.

Pursuant to Section 10.1 of the First Nation Negotiation Support Agreement, each First Nation is required to provide to the Chief Commissioner audited financial statements in respect to overall negotiation support funding for its fiscal year ended March 31, 1999 on or before September 30, 1999.

7. DEFERRED FUNDING

The Contribution Funding Agreement provides that in the event there is an unexpended balance at the fiscal year-end, it will represent a debt due to Canada and British Columbia by the Commission.

Based on agreements reached with Canada and British Columbia, the March 31, 1998 unexpended balance of $87,771 was not repaid but instead recorded in the Commission's accounts as deferred funding. In accordance with the agreements, the deferred funding of $87,771 was spent by the Commission during the year to fund First Nations' meetings, public education, training seminars and other related expenses in respect of the treaty making process.

The Commission has requested that the March 31, 1999 unexpended balance be carried forward to its operating budget for its year to end March 31, 2000. This request has been agreed to by Canada and British Columbia. Accordingly, $161,879 of funding received during the year has been recorded in the Commission's accounts as deferred funding.

Funds available for carry forward as deferred funding are determined by adding depreciation and amortization and subtracting fixed asset additions from the excess of funding over expenditures for the year.

8. COMMISSION SURPLUS

The Commission's surplus of $69,622 as at March 31, 1999 consists of the net book value of the Commission's fixed assets of $69,622 as detailed in Note 4 above.

9. COMMITMENT

The Commission is committed to total minimum rental payments of approximately $113,750 during the remaining term of the premises lease expiring in 2001. Payments required each fiscal year are $91,000 in 2000 and $22,750 in 2001.

10. FUNDING FOR OPERATIONS

The Commission expects to receive the following amounts from Canada and British Columbia to fund its operations for the year to end March 31, 2000:

	Canada	British Columbia	Deferred	Total
2000	$ 1,118,644	$ 745,763	$ 161,879	$ 2,026,286

11. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000 and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. While the Commission has a plan to address the Year 2000 Issue, it is not possible to be certain that all aspects of the issue affecting the Commission, including those related to the efforts of other parties dealing with the Commission, will be fully resolved.